



HOUSING AUTHORITY ANNUAL REPORT
Chula Vista Housing Authority

Fiscal Year 2021-22

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INTRODUCTION

By October 1 of each year, California Health and Safety Code (“HSC”) Section 34328 requires housing authorities to file an annual report of its activities for the preceding fiscal year (“Annual Report”). The Annual Report must be filed with the respective city or county clerk and with the Department of Housing and Community Development (“HCD”). This Annual Report details the Chula Vista Housing Authority’s (“Authority”) activities for the Fiscal Year (“FY”) 2021-22.

LEGAL AUTHORITY

Housing authorities are distinct, autonomous, legal entities that derive their powers from State statutes. The State legislature intends that housing authorities function as local entities with the primary responsibility of providing housing for very low- and low-income households.¹ California Housing Authorities Law (HSC Section 34200, et. seq.) provides for and details the requirements for local jurisdictions to create and operate a housing authority. To establish a housing authority, a local jurisdiction must adopt a resolution that includes findings that either of the following is true: (1) unsanitary or unsafe housing exists in the city, or (2) there is a shortage of safe or sanitary housing available to persons of low income.

AUTHORITY BACKGROUND

On March 2, 1993, the City Council (“City Council”) of the City of Chula Vista (“City”) adopted Resolution No. 17021 establishing the Authority. The City Council, with input from the Housing Advisory Commission, formed the Authority to streamline affordable housing plans and projects in the community. Establishing the Authority allowed a local authoritative body to make decisions surrounding which Federal programs to apply for and how to allocate the funding.

The majority of the Authority’s assets were transferred from the former Chula Vista Redevelopment Agency (“Agency”) when it dissolved on February 1, 2012, under the Dissolution Act (enacted by Assembly Bill x1 26 as amended, Parts 1.8 and 1.85 of the HSC). The City Council elected to designate the Authority as the Housing Successor to the Agency.

The Successor Agency to the Chula Vista Redevelopment Agency (“Successor Agency”) effectuated the transfer of several assets held by the former Agency to the Authority. The asset transfers are documented on a Housing Asset List that was approved by the California Department of Finance (“DOF”) on September 5, 2012. A copy of the Housing Asset List is provided as Appendix 1.

¹ Very low income is at or below 50% of the Area Median Income and low income is at or below 80% of the Area Median Income.

Assets transferred from the Agency to the Authority are subject to both California Community Redevelopment Law (“CRL”), codified in HSC Section 33000 *et. seq.*, and Housing Authorities Law (“HAL”), codified in HSC Section 34200 *et. seq.* The CRL and HAL have different requirements relating to housing production, expenditure limitations, adjustments for family size, affordability restriction durations, and other regulatory requirements. Additionally, the State legislature adopted Senate Bill (“SB”) 341 on October 13, 2013, to clarify the functions and requirements of successor housing entities. Assembly Bill (“AB”) 1793 (adopted on September 27, 2014), SB 107 (adopted on September 22, 2015), and AB 346 (adopted on June 28, 2017) added and amended requirements related to SB 341.

Successor housing entities are required to prepare an annual report documenting compliance with SB 341 and related legislation. Authority staff is in the process of auditing its financials and other information and will submit this SB 341 report under a separate cover by April 1. More information on its contents is contained in Appendix 2.

OBJECTIVES OF THE HOUSING AUTHORITY

The Authority undertakes certain functions that can only be exercised by a legally created housing authority. For example, the Authority may own and operate housing developments, which alleviates the need to find prospective owners or operators of affordable housing units. In addition, the Authority may acquire land and buildings for affordable housing. For many housing authorities, one of their primary roles is to interact with the U.S. Department of Housing and Urban Development (“HUD”) on behalf of their communities and to function as the administrator of Housing Choice Voucher Program funds (formerly known as Section 8). However, the Authority does not intend to administer Housing Choice Voucher Program funding and will continue to refer interested parties to the San Diego Housing and Community Development Services (“HCDS”) department.

The Authority’s future goals and objectives are:

- Long-range planning of housing goals and annual monitoring of Housing Element goals;
- Predevelopment financing;
- Financing and assistance in the production of affordable rental housing through new construction and acquisition/rehabilitation;
- Rehabilitation grants and loans for small owner-occupied and rental properties;
- Provide rental assistance;
- Expand homeownership opportunities for first-time homebuyers;
- Assistance to homeless shelter/service providers; and
- Oversee contracts with social service agencies for the provision of services to low/moderate-income residents.

CONTENTS OF THE AUTHORITY'S ANNUAL REPORT

This Annual Report includes the following information:

- A complete report of activities during FY 2021-22, including any bond issuances, and loans or finance agreements that the Authority has entered into;
- Compliance with requirements of HSC Section 34312.3 such as providing the minimum amount of housing units affordable to lower-income households in projects assisted by the Authority with bonds and documenting established base rents and/or maximum rental payments for lower-income households; and
- Information on any tenancy or Housing Choice Voucher terminations of domestic violence victims as required by HSC Section 34328.1.

HOUSING AUTHORITY DEBT OBLIGATIONS

Under HSC Section 34312.3, the Authority must provide a complete report of its activities during the prior fiscal year, including bonds, loans, and financing agreements for multi-family rental housing projects.

The Authority oversees loan receivables from multifamily housing projects, outstanding rehabilitation loans, and mobile homeownership financing. These are further described in the “Loan Agreements” section of this report.

Any new financing for the acquisition, construction, rehabilitation, or development of multi-family housing through the issuance of bonds, construction loans, mortgage loans, and/or financing agreements will be documented in future Annual Reports.

LAND TRANSACTIONS AND DEVELOPMENT

HSC Section 34312.3 requires the Annual Report to include a discussion of all prior year activities of the Authority related to the development or transaction of land to increase the supply of affordable housing for lower-income households. The Authority’s real estate property interests consist of three Orange Tree Mobile Home Park lots (101, 106, & 134).

The Orange Tree Mobile Home lots were acquired in 1987 as part of a former Agency project to assist low-income seniors in purchasing mobile homes. There were 29 lots acquired by the Agency and subsequently sold through loan agreements with low-income covenants attached to each. All but three properties have since been sold with the remaining being rented to low-income seniors. The properties were transferred to the Authority upon dissolution of the former Agency. The covenants on the three lots have since expired and have been fully paid off.

OTHER ASSETS AND AGREEMENTS

The Authority's assets include loan agreements, covenants, purchase and sale agreements, and other documentation related to interests in real property. Some of the agreements are related to the three properties described in the previous section. A brief description of each type of asset is provided below. A detailed list of assets is included in Appendix 1.

AFFORDABILITY AGREEMENTS

The Authority monitors the affordability of 17 existing residential developments in the City, with another development (Anita Street) to be completed shortly. Some of these developments have existing loan agreements with the Authority, the rest are in affordable housing agreements and bound by covenants. The 17 existing developments monitored are:

- | | |
|------------------------------------|---------------------------------------|
| 1. Brisa Del Mar | 10. Oxford Terrace |
| 2. Congregational Tower | 11. South Bay Community Villas (Loan) |
| 3. Cordova Village | 12. Rancho Buena Vista |
| 4. Duetta Family Apartments (Loan) | 13. St. Regis Park (Loan) |
| 5. Garden Villas | 14. Teresina Apartments |
| 6. Landings I (Loan) | 15. Trolley Terrace |
| 7. Landings II (Loan) | 16. Villa Serena Senior Apartments |
| 8. Los Vecinos | 17. Volta Apartment Homes (Loan) |
| 9. MAAC Seniors on Broadway | |

LOAN AGREEMENTS

There were 12 loan agreements transferred from the former Agency to the Authority following dissolution, and approval by DOF on September 5, 2012. The loans are described below with outstanding loan balances as of June 30, 2022.

- South Bay Community Services:** In 1998, the former Agency and the City entered into two loan agreements with South Bay Community Services. Prior years' loan was made to South Bay Community Services to purchase several properties including Concord Way (1-unit) and Trolley Trestle (11-unit). Interest accrues annually between three and six percent. As of June 30, 2022, the outstanding balance of the loans was \$699,641 which included an interest accrual of \$289,848.
- Rancho Vista Housing Project:** In 2000, the former Agency loaned \$1,000,000 using Housing Asset funds, and the City loaned \$500,000 using HOME funds to CIC Eastlake, L.P. for the development and operation of the Rancho Vista Housing Project. On July 31st, 2020, the Successor Agency received a payment of \$2,217,138.07 as a repayment of the loan in its entirety. This payment consisted of payments to the Low-to-Moderate Income Housing Fund and the

HOME program with the cumulative principal of both amounting to \$1.5 million and the remaining amount of \$717,113.07 comprising the interest. As of June 30, 2022, there is no remaining loan balance.

3. **St. Regis Park:** Also in 2000, the former Agency entered into a loan agreement with the St. Regis Park Chelsea Investment Corporation for the acquisition and rehabilitation of the 119-unit multi-family housing project at 1025 Broadway (St Regis Park). In 2019, the developer repaid the outstanding principal balance of the previous loan in the amount of \$1,387,152 and carried forward the accrued interest of \$1,232,822 as a new loan amount. The loan repayment period lasts 52 years and will accrue six percent interest. As of June 30, 2022, the outstanding balance of the loan was \$1,320,092, which included an interest accrual of \$87,270.
4. **Chula Vista Rehabilitation:** The Chula Vista Rehabilitation Community Housing Improvement Program (“CHIP”) is under the direct control of the Authority acting as the Successor Housing Entity for those loans that were funded using Housing Asset funds. CHIP offers deferred and low-interest-rate home improvement loans to qualified borrowers residing within a target area. Loan repayments are re-deposited into the program cash accounts and are redistributed as future loans. As of June 30, 2022, the outstanding balance of the loan was \$327,597, which included an interest accrual of \$23,071.
5. **Park Village Apartments:** In 1991, the former Agency entered into a loan agreement with the Civic Center Barrio Housing Corporation. The loan was made for the purchase of land and the development of a 28 – unit low-income housing project. In 1992, the loan was assigned to Park Village Apartments Ltd., in which Civic Center Barrio Housing Corporation is the managing general partner. In 2009 an amendment to the loan was entered into changing the interest from five percent to three percent per year and started a monthly payment schedule based on a 24-year amortization schedule and a loan balance of \$216,125 with the entire balance due and payable by December 31, 2033. As of June 30, 2022, the loan's outstanding balance was \$120,600 with no interest accrual.
6. **Orange Tree Mobile Home Park:** The former Agency entered into agreements with eligible residents of the Orange Tree Mobile Home Park, whereby the Agency loaned \$250,030 as permanent financing assistance to residents to purchase certain mobile home properties. Interest is contingent on calculations specified in the agreement. As of June 30, 2021, all the loans have been fully paid off. Even though the loan was paid off by the City’s Housing Authority the Authority does continue to receive revenue from the Orange Tree Mobile Home Park.
7. **Los Vecinos:** In 2008, the former Agency entered into a loan agreement with Wakeland Housing and Development Corporation to assist the borrower in constructing 41 affordable multi-family rental housing units. The loan amount of \$5,680,000 was funded by the Housing Asset Fund. The

loan bears an interest rate of five percent per year. As of June 30, 2022, the outstanding balance of the loan was \$9,753,732, which included an interest accrual of \$4,073,732.

8. **Brisa del Mar:** In 2003, the former Agency and City entered into a loan agreement with Main Plaza, LP to assist in acquiring and improving certain real properties for occupancy by very low-, low-, and moderate-income households. The loan bears an interest rate of three percent per year with a 55-year term. The loan is due and payable in 2061. As of June 30, 2022, the outstanding balance of the loan was \$2,128,008, which included an interest accrual of \$628,008.
9. **Landings I & II:** The City entered into a loan agreement with CIC Landings, L.P. to assist the borrower in constructing 91 affordable multifamily apartment units for occupancy by extremely low, very low-, and lower-income households. In 2010, the City and former Agency also entered into loan agreements with Landings II, L.P. to assist with constructing 143 affordable multi-family rental housing units (very low- and low-income households). The loan bears an interest rate of 3.6% annually. As of June 30, 2021, the loan's outstanding balance was \$2,826,310 with no interest accrual.
10. **Duetta Apartments:** In 2016, the City entered into a loan agreement with F Street Family CIC, LP to assist in the construction and permanent financing of affordable multi-family apartments with 86 deed-restricted units (Duetta Apartments). The loan principal is in the amount of \$895,340 from the Housing Asset Fund. The loan bears an interest rate of three percent per year for 55 years. The loan is to be repaid by December 31, 2072. As of June 30, 2022, the outstanding balance of the loan was \$1,067,335, which included an interest accrual of \$171,995.
11. **Volta Senior Apartments:** In 2016, the City entered into a loan agreement with G Street Senior CIC, LP to assist in the construction and permanent financing of affordable multifamily apartments with 122 deed-restricted units (Volta Senior Apartments). The loan amount of \$932,000 was funded by the Housing Asset Fund. The loan bears an interest rate of three percent per year for 55 years. The loan is to be repaid by December 31, 2072. As of June 30, 2022, the outstanding balance of the loan was \$1,103,698, which included an interest accrual of \$171,698.
12. **Anita Street Apartments:** In 2017 and 2018, the City entered into an amended loan agreement with Wakeland Housing to assist in the acquisition of land and pre-development of an affordable multi-family housing project of 72 units (Anita Street). The City's loan would draw from the Housing Asset Fund and assist in the construction of extremely low-income units from the 72 total. The original loan amount of \$3,300,000 was amended in 2018 and 2020, respectively, for an additional \$858,740 and \$1,036,425 for a total loan commitment of \$5,195,165. No interest accrues on the loan during the predevelopment phase of the Project. The fund balance has been restricted in the Low- & Moderate-Income Housing Successor Special Revenue Fund. However, in 2020 only \$3,841,741 has been dispersed to assist with 22 of the 32 units. As of June 30, 2022, the outstanding balance of the loan was \$5,375,786, which included an interest accrual of \$180,621.

RENTS & OPERATIONS

The Authority receives rent from the three Orange Tree Mobile Home lots owned by the Authority. For FY 2021-22, the lots generated \$25,338.59 in rental income. The Authority also received income investment earnings and rentals/leases on the properties to bring the total income up to \$26,680. The total cost to operate the properties, including taxes and contracted services, was \$4,686.

CONTRACTS & FEES

The Authority is in contract with a variety of third-party vendors for various services. These services range from affordable housing compliance monitoring to loan underwriting to paper shredding. In total there are 8 contracted consultants, vendors, and services working with the Authority:

1. Compliance Services: Monitoring Software
2. Goldfarb: Legal Services
3. Christiansen and Spath: Legal/ Loan Services
4. Stradling: Legal/ Loan Services
5. Office Depot: Supplies
6. Iron Mountain: Paper Shredding
7. San Diego Neighborhood Star News: Public Notices
8. RSG, Inc.: Consulting

HOUSING UNIT COMPLIANCE

As set forth by HSC Sections 34328 and 34328.1, housing authorities are required to:

- Show compliance with requirements of HSC Section 34312.3, such as the minimum amount of housing units affordable to lower-income projects assisted by the Authority, and document established base rents and/or maximum rental payments for lower-income households; and
- Document any domestic violence tenancy or Housing Choice Voucher Program termination as required by HSC Section 34328.1.

The following provides a summary of the Authority's progress toward the requirements listed above.

HOUSING AFFORDABILITY REQUIREMENT

Under the CRL, at least 15% of all units newly constructed or substantially rehabilitated *before February 1, 2012*, must be affordable to very low to moderate-income households (HSC Section 33413). SB 341 amended the CRL so there is no inclusionary or replacement housing obligation for units built or destroyed after February 1, 2012.

Under the HAL, at least 20% of the units in housing projects assisted by the Authority, or 15 % in targeted areas² must be affordable to persons of low income (HSC Section 34312.3(c)). If housing projects are financed by bonds issued by the Authority, at least 10% of the units must be available to persons of very low income. These requirements may be applied to the aggregate number of units assisted by the Authority. Furthermore, the HAL requires that development projects financed with bonds must also be approved by the local governing body and the local school district before construction or ownership. Nevertheless, the power to finance, own, build, and/or operate a housing development allows the Authority to take a more active role in the creation and maintenance of housing for low-income families.

The properties monitored by the Authority for affordability compliance apply to these requirements. The 17 properties had a total of 2,223 units with 1,825 incomes restricted. Of the total, 82% of these units are restricted to low-income residents as defined in the HAL. The Authority is therefore compliant with the provisions requiring at least 20% of units in assisted housing projects to be for low-income residents. Table 1 below exhibits the breakdown of the unit mix for the affordable properties:

Chula Vista Housing Authority		Housing Units Assisted and Affordability Matrix							Table 1		
Project Name	Location	30% AMI	40% AMI	50% AMI	60% AMI	80% AMI	120% AMI	Market	Manager Unit	Total Restricted Units	Total Units
1. Brisa del Mar	1689 Broadway	0	0	10	41	0	54	0	1	105	106
2. Congregational Tower	288 F. Street	0	0	56	128	0	0	0	2	184	186
3. Cordova Village	1280 East J Street	0	0	0	39	0	0	0	1	39	40
4. Duetta Family Apartments	1715 Orion Avenue	0	0	9	77	0	0	0	1	86	87
5. Garden Villas	1260 3rd Avenue	0	0	20	79	0	0	0	1	99	100
6. Landings I	2122 Burdock Way	0	0	0	91	0	0	0	1	91	92
7. Landings II	1768 Java Way	0	0	28	113	0	0	0	2	141	143
8. Los Vecinos	1501 Broadway	5	7	21	8	0	0	0	1	41	42
9. MAAC Seniors on Broadway ¹	825 Broadway	5	16	20	0	0	0	0	1	41	42
10. Oxford Terrace	555 Oxford Street	0	0	15	90	0	0	26	1	105	132
11. Rancho Buena Vista	2155 Corte Vista	0	0	30	43	0	76	0	1	149	150
12. South Bay Community Villas	1234 Santa Rita Avenue	0	0	30	101	0	137	0	3	268	271
13. St. Regis Park	1025 Broadway	0	0	24	94	0	0	0	1	118	119
14. Teresina Apartments	1250 Santa Cora Avenue	0	0	88	0	0	0	352	0	88	440
15. Trolley Terrace	750 Ada Street	0	17	0	0	0	0	0	1	17	18
16. Villa Serena Senior Apartments	1231 Medical Center Dr.	0	0	27	37	0	67	0	1	131	132
17. Volta Apartment Homes	1734 Solstice Avenue	0	0	13	109	0	0	0	1	122	123
TOTAL		10	40	391	1,050	0	334	378	20	1,825	2,223

¹ 16 units at MAAC Seniors on Broadway are restricted to 45% of AMI, classified under 40% for visual purposes.

² Targeted areas as defined by Section 103(b)(12)(A) of Title 26 of the United States Code

BASE & MAXIMUM RENTS

HSC Section 34312 states that a housing authority may “prepare, carry out, acquire, lease, and operate housing projects for persons of low income.” As part of this authority, HSC Section 34312.3 establishes a set of guidelines to determine base (minimum) and maximum rents that a housing authority can charge for units reserved for lower-income households. According to HSC Section 34312.3, rental payments for very low- and low-income households shall not exceed the amounts calculated based on Section 8 of the United States Housing Act of 1937 (42 U.S.C. Sec. 1437f).

Table 2 below states the rents of the properties overseen by the Authority and are summarized by compliance status. There were 1,825 monitored units with rents in compliance with HCD limits³.

Chula Vista Housing Authority		Table 2
Project Name	Compliant Units	Non-Compliant Units
Brisa del Mar	105	-
Congregational Tower	184	-
Cordova Village	39	-
Duetta Family Apartments	86	-
Garden Villas	99	-
Landings I	91	-
Landings II	141	-
Los Vecinos	41	-
MAAC Seniors on Broadway	41	-
Oxford Terrace	105	-
Rancho Buena Vista	149	-
South Bay Community Villas	268	-
St. Regis Park	118	-
Teresina Apartments	88	-
Trolley Terrace	17	-
Villa Serena Senior Apartments	131	-
Volta Apartment Homes	122	-
TOTAL	1,825	0

Source: Rental Compliance for Funding Source - HCD / HOME / MTSP

³ In monitoring the 17 properties, the Housing Authority compiles reports on each property’s unit compliance in accordance with each property’s affordable housing agreement, loan agreement, funding source, and/or covenant. The properties received funding that requires compliance with either HCD, HOME, or MTSP rent limits, or some combination thereof.

DOMESTIC VIOLENCE

The Authority must annually disclose data related to domestic violence incidents in units owned or operated by the Authority. Specifically, the data must include:

- Data on termination of tenancies and/or Housing Choice Vouchers Program victims of domestic violence in housing authority units.
- Summary of steps taken by the housing authority to address any termination of tenancies and/or Housing Choice Vouchers Program of victims of domestic violence.

The Authority does not administer Housing Choice Vouchers. In the reporting year, no tenancy terminations were issued to domestic violence victims for any units owned or operated by the Authority. In the future, information on any terminations of this kind will be presented under separate cover to protect the privacy of the parties involved.

FINANCIAL STATEMENT/BUDGET

Table 3 below presents a detailed summary of the Authority's actual revenues and expenditures by category in FY 2021-22. The beginning available balance of the Authority's cash was \$6,108,540. Revenues totaled \$1,059,448, for service charges and miscellaneous. Expenses equaled \$920,752, for community development. The Authority ended the FY 2021-22 with a \$5,863,302 cash balance.

Chula Vista Housing Authority		Table 3
		Actual as June 30, 2022
Beginning Balance	\$	6,108,540
Community Development/ City Administration	\$	920,752
Total Expenditures	\$	920,752
Charges for Services	\$	59,956
Miscellaneous	\$	1,173,399
Use for Money and Property (Investment Loss)	\$	(173,907)
Total Revenues	\$	1,059,448
Other Finance Source		
Transfer in	\$	15,000.00
Transfer out	\$	(368,934.00)
Net Fund Balance	\$	(215,238.00)
Ending Balance	\$	5,863,302

Source: City of Chula Vista Fund 313 and draft financials revenues and expenditures as of June 30, 2022

APPENDIX 1 – HOUSING ASSET LIST

The Housing Asset List, attached as a separate document, shows assets transferred from the former Agency to the Authority in FY 2011-12. All transfers were approved by the DOF on September 5, 2012, under HSC Section 34176.

APPENDIX 2 – HOUSING SUCCESSOR ENTITY ANNUAL REPORT

Health and Safety Code Section 34176.1 require successor housing entities to prepare an annual report, also known as an SB341 Report, detailing compliance with new expenditure limitations and other information, including:

- Amounts deposited into the Low- and Moderate-Income Housing Asset Fund (“Housing Asset Fund”);
- Statement of the balance of the Housing Asset Fund;
- Description of expenditures by category;
- Statutory Value of the real property;
- Description of transfers;
- Description of projects that receive funding through the Successor Agency’s Recognized Obligation Payment Schedule;
- Status of properties under a 5-year disposition period;
- Update on inclusionary and replacement housing obligations;
- Compliance with 5-year expenditure obligations;
- Percentage of senior deed-restricted units;
- Amount of excess surplus; and
- And the inventory of homeownership units restricted by affordability covenants and assisted by the former Agency or Authority

Authority staff is in the process of auditing its financials and other information. The Redevelopment Housing Successor Entity Annual Report for FY 2021-22 is being prepared and will be taken to the Authority for approval in.